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## CIA OPERATIONS CENTER

## **NEWS ANALYSIS SERVICE**

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(CHINA TRADE)

WASHINGTON (UPI) -- SEN. HUGH SCOTT, R-PA., SAYS CHINESE OFFICIALS
TOLD HIM DURING HIS RECENT PEKING VISIT THEY ARE VILLING TO HOLD TALK
AND TRADE WITH TAIWAN.

"WHILE I WAS IN CHINA THIS TIME, I WAS INTERESTED TO HEAR THAT THE THINESE WERE READY, AT ANY TIME, TO TALK WITH REPRESENTATIVES OF TAIPEI, AND TO TRADE WITH TAIWAN," SCOTT SAID IN A REPORT TO THE FRATE PUBLISHED THURSDAY IN THE CONGRESSIONAL RECORD.

TERMING IT "A MATTER OF SOME URGENCY," SCOTT/URGED FULL DIPLOMATIC RELATIONS BE ESTABLISHED WITH CHINA EARLY IN 1977 "IF THE EXPECTATIONS FOR PEACE AND AMITY, IMPLICIT IN THE SHANGHAI COMMUNIOUF, ARE TO BE REALIZED."

HE ALSO SAID TAIWAN SHOULD AVOID OPEN WAR PARE BY PLAYING A POSITIVE ROLE IN FINDING A PEACEFUL SOLUTION TO ITS DISPUTE WITH

PEKING.
BUT SCOTT SAID WASHINGTON SHOULD NOT BREAK RELATIONS WITH TAIWAN
"UNLESS AND UNTIL WE HAVE MADE A CONVINCING CASE THAT THE RISKS OF
DAMAGE TO THE LONGER TERM INTERESTS: SAFETY AND PROSPERITY OF TAIWAN
THROUGH TAKING THAT STEP ARE NOT GREAT."

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Executive registry	
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Comment:

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These comments represent the initial and tentative reaction of the CIA Operations Center and of the appropriate analytic component in the Agency.

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FORM NO .241

REPLACES FORM 36-8 WHICH MAY BE USED.

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